

Our objectives and KPIs

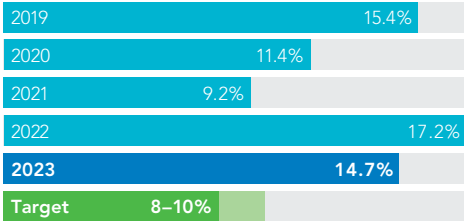
Our objectives are to provide shareholders with:

a total return of 8% to 10% per annum, to be achieved over the medium term

a progressive annual dividend per share

Our KPIs

Total return (% on opening NAV)



Target

To provide shareholders with a total return of 8% to 10% per annum, to be achieved over the medium term.

✓ **Met or exceeded target for 2023 and every prior year shown**

Rationale and definition

- Total return is how we measure the overall financial performance of the Company
- Total return comprises the investment return from the portfolio and income from any cash balances, net of management and performance fees and operating and finance costs. It also includes foreign exchange movement and movement in the fair value of derivatives and taxes
- Total return, measured as a percentage, is calculated against the opening NAV, net of the final dividend for the previous year, and adjusted (on a time-weighted average basis) to take into account any equity issued and capital returned in the year

Performance over the year

- Total return of £394 million in the year, or 14.7% on time-weighted opening NAV and equity issued
- The portfolio showed good resilience overall with strong performance in particular from TCR, Infinis and Tampnet
- The hedging programme continues to reduce the volatility in NAV from exchange rate movements
- Costs were managed in line with expectations

Annual distribution (pence per share)



Target

Progressive dividend per share policy.

FY24 dividend target of 11.90 pence per share.

✓ **Dividend per share increased every year since IPO**

Rationale and definition

- This measure reflects the dividends distributed to shareholders each year
- The Company's business model is to generate returns from portfolio income and capital returns (through value growth and realised capital profits). Income, other portfolio company cash distributions and realised capital profits generated are used to meet the operating costs of the Company and to make distributions to shareholders
- The dividend is measured on a pence per share basis, and is targeted to be progressive

Performance over the year

- Proposed total dividend of 11.15 pence per share, or £101 million, is in line with the target set at the beginning of the year
- Income generated from the portfolio and cash deposits, including non-income cash distributions and other income from portfolio companies, totalled £202 million for the year
- Operating costs and finance costs used to assess dividend coverage totalled £66 million in the year
- The dividend was fully covered for the year
- Setting a total dividend target for FY24 of 11.90 pence per share, 6.7% higher than for FY23